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UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
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COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
SENATE COMMITTEE ON RULES AND ADMINISTRATION S. 3300
ON S. 1541, THE FEDERAL ACT TO CONTROL EXPENDITURES AND
ESTABLISH NATIONAL PRIORITIES

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to discuss S. 1541 designed to improve congressional control over the Federal budget. In the past few months we have given considerable thought to this general subject and I have testified before the Joint Study Committee on Budget Control, the Senate Government Operations Committee and the House Rules Committee. S. 1500

At the outset, I wish to state that we strongly support the objectives and principles embodied in S. 1541. We believe that enactment of a measure along the lines of this bill would represent a major and greatly needed step to strengthen congressional control over the Federal budget. Having followed the work of the House and Senate closely during its consideration of this matter, I know of the great effort required to bring the proposal to its present stage. I am much encouraged by the progress which has been made in resolving the many difficult issues which are involved in this complex subject.

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The General Accounting Office has worked closely with the Senate Government Operations Committee in the development of the bill before you. The provisions which relate to the GAO are generally workable and we have only one change to suggest in regard to them. We have a few comments on other provisions which may be helpful. In addition, I have attached copies of previous testimony for your convenience.

1. Pilot tests and evaluations. Under Title 7, pilot tests or evaluations of major programs are required to be completed no later than 3 years after the program is authorized. The authorizing committees would be required to evaluate and report on each of these tests and evaluations. Under Title 8, the authorizing committees would be required to make a comprehensive review and study of each major program on a 3-year cycle basis.

We fully support the need for testing and evaluations and the comprehensive program studies. We think, however, that it might be advisable to allow more flexibility to the committees as to the frequency of their analyses and reports on the study because of the heavy workload involved and the possible varying need for evaluation depending on the type of program involved.

In that connection, we note that the Intergovernmental Cooperation Act of 1968 (Public Law 90-577) requires a study of grant-in-aid programs on a 4-year cycle. The Act provides that--

"A study of a grant-in-aid program *** which is authorized by an Act of Congress enacted after the date of enactment of this Act shall be conducted prior to the expiration of the fourth calendar year following the year of enactment of such Act, and prior to the expiration of each fourth calendar year thereafter."

2. GAO assistance in developing evaluation requirements. We would also like to offer a suggestion regarding section 703 pertaining to the reviews and evaluations that we would be required to make for the Congress.

Section 703 would amend Section 204 of the Legislative Reorganization Act of 1970 to require the Comptroller General to assist any committee of the House or Senate, any joint committee of the two Houses, and any member of either House, upon their request in analyzing and assessing program reviews, evaluation studies or cost benefit studies prepared by or for any federal agency.

Because of the significant increase in workload that this could involve, we would prefer that we not be required by legislation to provide such assistance to individual members of Congress. To the extent that our resources permit, we will of course willingly respond to member requests. We would prefer to give requests of committees our first priority and, be allowed some discretion in providing this type of assistance to individual Members. This change would make this provision consistent with a similar provision in the Intergovernmental Cooperation Act.

3. How and where should the congressional budget committees get staff support? There have been many different proposals for providing staff support for the budget committees. The House bill provides for a legislative budget staff, headed by a Legislative Budget Director, to support the two committees on the budget.

S. 1541 would create a Congressional Office of the Budget as an independent office in the legislative branch.

As I have stated in my earlier testimony, we strongly prefer the creation of a joint staff--as provided in the House bill--which would function very much as the current staff of the Joint Committee on Internal Revenue Taxation. We have recommended that this staff be kept quite small, believing that the capabilities of the General Accounting Office, the Congressional Research Service, and executive agencies can and should be called upon to support the proposed legislative budget committees and the joint staff.

As I understand, the major reason for a Congressional Office of the Budget as proposed in S. 1541, is the desire to have an independent office to serve all committees and members. We see nothing in H.R. 7130 which would preclude the joint legislative budget staff from serving other committees and members. If necessary to remove that objection, a specific provision could be made to assure that the joint committee staff would provide that service.

It is absolutely essential that there be a staff directly responsible to the Legislative Budget Committees giving first priority to their needs. Otherwise, the individual budget committees may well need to create their own separate staffs as well and we will end up with three new budgetary support organizations which will further confuse and complicate the congressional budget process.

We believe the most effective arrangement is to create a small permanent joint staff to serve the two committees. During the period when overall target figures are being established, and at other peak workload periods, individuals from the appropriations committees, the

revenue committees, and possibly the legislative committees and the Joint Economic Committee could also be assigned. Individuals assigned from the Congressional Research Service and the General Accounting Office and temporary and consultant personnel could also augment the staff.

In the attachments to this statement, we discuss more fully some of the ways the GAO can be of assistance to the budget committees.

4. Should any programs be excluded from the budget totals?

S. 1541 does not have a provision concerning what Federal activities will be included in the budget, which could be interpreted to mean that the present arrangement is satisfactory. As you know, the exclusion of certain activities has been authorized during the last few years--specifically the Export-Import Bank and the Rural Electrification Administration lending programs. I believe that the objective of establishing control over overall budget totals and priorities within that total cannot be achieved if major programs are left out.

In 1967, the President's Commission on Budget Concepts strongly recommended the adoption of the unified budget concept under which all Federal activities financed with Federal funds would be included. The Commission, of which I was a member, viewed this as its most important recommendation. A single budget was recommended to replace the three different budgets then in use which had caused confusion and misunderstandings.

President Johnson and later President Nixon accepted this recommendation and since 1969 we have had the unified budget with the

exception of the two programs mentioned above. I emphasize this because, if the Congress is to exercise effective control over Federal expenditures it must include all programs which involve spending; it should resist efforts to remove Federal activities from the budget and take action to restore those expenditures presently excluded.

The PEA loan program and the Export-Import Bank are the only programs which would be omitted under the terms of S. 1541. The fundamental purpose of a single budget is to bring together in one place competing needs so that priorities may be more readily established and resources allocated with due regard to all potential demands on the Federal Treasury.

5. Greater use of multiyear appropriations. We believe there should also be greater use of advance authorizations and multiyear appropriations. This is especially important for grant programs which require matching funds. States and local governments currently are not able to effectively plan and manage their programs and finances without much earlier notification of Federal decisions. Such delays are inevitably costly and slow down the administration of programs which otherwise must be financed through a continuing resolution.

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In Conclusion, I would like to emphasize our strong support for the objectives of the proposed Congressional budgetary control legislation and that we will cooperate with and assist all involved organizations in any practical manner in carrying out new responsibilities.

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